

COMMITTEE ON FINANCE
(Standing Committee of Berkeley County Council)

Chairman: Mr. Jack H. Schurlknight, Council Member District No. 6

A **BUDGET WORKSHOP** meeting of the **COMMITTEE ON FINANCE**, Standing Committee of Berkeley County Council was held on **Tuesday, May 24, 2011**, at **6:07 p.m.**, in the Supervisor's Conference Room, Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina.

PRESENT: Chairman Jack H. Schurlknight, Council District No. 6; Committee Member Robert O. Call, Jr., Council District No. 3; Committee Member Cathy S. Davis, Council District No. 4; Committee Member Steve Davis, Council District No. 8; Supervisor Daniel W. Davis; and Ms. Catherine R. Windham, Acting Clerk of County Council. Committee Member Caldwell Pinckney, Jr., Council District No. 7 was excused.

ALSO PRESENT: Council Member Phillip Farley, Council District No. 1, ex officio; Council Member D. Fish, Council District No. 5, ex-officio. Mr. Jimmy Crepeau, BCWS Deputy Director of Operations; Mr. Steve Hively, BCWS Director of Operations; Mr. Micah Miley, BCWS Director of Engineering; Ms. Angela Pinson, BCWS Director of Administration; Mr. Ed Rogers, BCWS Director of Customer Service; Mr. Mark Schlievert, BCWS Director of Solid Waste; Mr. Doug Tompkins, BCWS Deputy Director of Operations; Mr. Colin Martin, BCWS Executive Director.

In accordance with the Freedom of Information Act, the electronic and print media were duly notified.

CALL TO ORDER

Chairman Schurlknight: "I'd like to go ahead and call the Finance Workshop Meeting to order."

INVOCATION AND PLEDGE

Chairman Schurlknight: "I'd like to ask Colin if he would lead us in prayer and I'll lead us in the pledge. We'll stand please."

Chairman Schurlknight: "First thing I'd like to do is thank everybody for coming out tonight. Also to the staff of Water and Sanitation, I know you spent some hard hours and time in the budget. Trying to get all this stuff together and give the prices and all that and I personally have been looking through the budget and it looks real good and there was a lot of time spent on it. I look forward to seeing the slide presentation. At this time I'll just turn it over to Colin on the slideshow and this will be on Bill No. 11-16. Colin?"

- A. Bill No. 11-16**, an **ordinance** providing appropriations for the fiscal year beginning **July 1, 2011**, and ending **June 30, 2012**, for **Berkeley County**; to provide for levy of taxes on all taxable property in Berkeley County for all county purposes; to provide for the

expenditures of said taxes and other revenues coming into the county for the fiscal year; and to amend the Code of Ordinances, Berkeley County, South Carolina, setting rates, charges and penalties for Water and Sewer and Solid Waste Service by **Berkeley County Water and Sanitation**.

Mr. Colin Martin: "Thank you, Mr. Chairman. This evening I would first say that I regret that Johnette Connelley, our Finance Director, could not be here. She was called away with an urgent family matter so I'll be covering for her so please be kind...(inaudible). Most of the presentation I'm going to cover anyway. The team that's with us, minus Johnette, is listed on the left and I appreciate the credit given to them. Mr. Schurlknight, this has been the toughest budget that we've put together. I think in some ways it's the best budget, but it has been a long tough road. What we're going to do this evening is we're going to look at the present, plans back in the past; because I think it helps a context to put ourselves where we are, where we want to go, but also don't forget, where we've been. So we'll take a look at that and run through the budget with some issues here and then I'd like to finish up with our kind of a punch-line. I think we need to move in a different direction and part of the way we run our business. It's kind of a risk-free change of direction this year and we'll discuss that at the end. But it has to do with moving forward with what we call the sustainable utility. First looking at where we are today, the 2011 budget. This is as of March, which represents 75% of the year. This is the water fund. You see overall the total revenues for water are right on track with the 75% and this pretty (inaudible)...tracking when our fees, when our rates come in on a monthly basis that they do. The percent expended is misleading because we have a sizable debt payment due in June that we are paying this month, and I'll explain that a little bit later. With regards to sewer, revenues are a little down. Not quite on track but still within 2%. And the sewer fund likewise looks are officially low. Let's put the two together because our bond and indebtedness is water and sewer. You see, overall as of March we're showing the 74% as compared to 75% on the revenues. Here, down here, we paid 4 ½ million in December and we have this 10.4 Million dollars debt...debt payment that you could add to this non-operating expenses and you see that pretty quickly the expenses will come in line. I looked at the April financials that just came out. They're getting tweaked and should be out soon, but they're a little stronger. Sewer is up to the 83.83% of the year and it's up over that for April so we're tracking very well. What we project at the end of this year is we'll be slightly ahead on revenues, slightly behind on expenses. We will have some positive variance. As far as solid waste, it's hard to look at any snapshot of solid waste because they get most of their revenue, of course, from the tax bill. But comparing this to last year, you see that it's....well, last year it's about 92% so it's tracking right along with previous years. Likewise, they have a payment of three quarters of million dollars in debt that would raise this percent up as well. Again for solid waste for predicting slightly ahead on revenues and we'll see more of that later, slightly behind on expenses. Expect a small positive variance."

Committee Member S. Davis: "Where increases or nothing in that area? A rate..."

Mr. Colin Martin: "We'll get to that. This is a glance back and again I do it for context and I'm going to show you a lot of graphs. The numbers aren't as important as the story that the numbers tell. We'll start with the general population growth in the last decade that we've had, 24.7% in Berkeley County. That represents about 19,000 new households. Of course, that's what

we look at to do the base of our business. We also had an increase in customers over the last decade, 18% representing almost 6,500 new customers from 35 in 2,000 to nearly 42,000 now. This I think is a very telling slide because it takes a good slice that you can use on a monthly basis or yearly basis or any time frame that you choose. And to take you back a little bit in history, pretty (inaudible) and insignificant two tenths of a percent decrease in the rate revenue and this is water and sewer only. Then you recall we had an increase, significant increase, I'll show you why that's so important. But that picks it up; this was only an 11 month year because the way you have to implement the increase, so we had the 22.7 there between those two years. This is the first full year of the increase so you see a little higher percent here. This is the only comparison that we really have since this is year to year and this represents the customer growth that we've been getting. Now we're gonna try and drill down on revenues. This is water and sewer fee and rate revenues. You see the mark of \$32 million up here in 06-07, drops drastically, and the reason this was important because if you'll look at this slide on the rates or this downward slide, it's very significant. Had we not...had you not had the political courage to vote that increase, you see the path we were headed on and it's mostly these fees. It's...what we did is we caught it with that rate increase and we've been climbing back up with customer increase. But we also raised fees as you recall, at the same time. Had we not raised those fees this would have continued at a much steeper decline than those (inaudible) there. Also want you to note that we have yet to achieve the levels of 06-07. This is taking a look at the different fees, you can look at the different colors, but not so important about sewer connection fees. Look at purple there, and the purple here and again, this after a fee increase right here. We look for a little bump here and another couple hundred thousand dollars. I'm not sure that's significant. It's difficult to gauge fees for the rest of the year, although this is an estimate for fiscal end of the year, as the others were as well. The tap sales similarly, they show this incline. \$3,600 in 07-08 we sold water and sewer taps. You'll see its continuing on the decline. It's impossible for us to estimate the additional taps. So we did this one as of March, but to get from here back up to last year, there has to be a lot of houses built; and you don't see them being built. So we will come in and continue to decline on the number of taps sales. I think that shows you that bottoming out...and hopefully it's bottomed out; the residential home building industry. We're shifting to solid waste now. This solid waste is a little more complicated because it has a variety of sources. This is a solid waste user fee and here are the different components of solid waste user fee. Residential, obviously the dominant one and that shows up as well in the number of accounts of each. Again, heavily represented by residential; no surprise there. I just wanted to say though that there are different fees for some of this. This is your \$75 per family household. So, when you have a different...you see, commercial here over a million dollars. It's just a proportionate number of accounts. That's because of the way that the fees were charged for, solid waste user fee for commercial.

Committee Member Steve Davis was excused at 6:17 p.m.

Council Member Phillip Farley: "Back up on Colin..."

Mr. Colin Martin: "Yes sir."

Council Member Phillip Farley: "Does that mean we got 12,636 mobile homes?"

Mr. Colin Martin: "Yes that many accounts, water or sewer or water and sewer. We have a total down here, as you see, of about 76,000 accounts. This is the net revenue for solid waste again and I'm keeping myself honest here, we're showing you a drill based report. But just to show you the differences, we raised this up so it's not as quite as dramatic as some of the others. You see here \$150,000. We anticipate, we project, a little bump up this year and again that still based on our projections. But we have seen a fall off of about a million dollars between those four years. I recently attended a senior executive conference for SWANA, Solid Waste Association of America. The entire nation is suffering this kind of loss, certainly to the extent, certainly to the southeast as we are. This really is more indicative, we have....this is tonnage, this is gross tonnage coming in. It doesn't look like we're projecting, but we're going to make quite last year's numbers. We see a little bump up in the revenue but still a decline in tonnage, it's because we're getting a little more of the waste that we charge more for; that we're seeing a little more of that special waste and that type of thing. The tonnage is, I wouldn't say necessarily, that this indicates the continuing to drop. I would say that they're flat and that's what we're seeing throughout the southeast. The only thing that's gonna bring that up I believe is again, residential home building. Certainly that brings up the C&D but when the economy recovers, people buy more and so they produce more waste. Most, a lot of our waste comes from packaging, when they buy things. Now I'm going to take a look at first a description of the FY11-12 budget and then I'll show you the numbers. First of all the budget is balanced. It predicts a very slight increase, \$350,000 less than a 1% increase in revenue, so it's very flat. We're not recommending any changes to rates or fees in water and sewer. There are a couple of minor landfill fees having to do with tires that I think require a realignment and we'll talk about those. Those requests of two new positions, we'll talk about those specifically. I mentioned in a memo to you a while back that we felt challenged by trying to figure out how to pay for the College Park Road and we'll look at that specifically as well. Then again reaching toward a sustainably utility, we're asking to establish a renewal and replacement fund and this year I'll ask permission to do some things to get that started. Again, this is a no risk option, but it also gives us a year to study the issue in the problem of maintenance, replacement and renovation. Issues and challenges, let's talk about that College Park Road and Mike is gonna address it a little bit more in the CIP. We found out late in the game that the DOT imposed schedule pushes our job, including our utilities, sooner. We thought it was going to be FY13. They want us working in FY12. We estimate without a lot of design work, it's gonna be around 4 million and that's an educated engineer's thumb scale kind of look. It could be more, hopefully it could be less, but it really is a very intense project. It's very complex. But the way we chose to fund it as you'll recall, you authorized us to combine the funds Solid Waste, Water and Sewer. That allowed Mr. Schlievert to meet his regulatory obligations with solid waste capital improvement projects. A couple of those projects we put the five year plan, at the end of the five year plan. But in fact we don't believe that the construction of cells nine and ten are gonna be needed in this year. We believe that we....that with the economy recovering as slow as it is, we won't use up the airspace quite as quickly...I'm sorry."

Committee Member Call: "Your fine."

Mr. Colin Martin: "So, that we think we're very comfortable taking the money from that project and applying it to the more urgent project of the widening of the road. That will give us time to

build up the funding, in time to build those two cells. The Escrap Program, I think you've read something about it. This was a requirement in last year's session of the General Assembly. It bans these items from being put in the landfill as of one July of this year. So, we have moved....we started actually segregating those items earlier to find out how much we really take in. We're taking in more than we thought we would. So, the law says this, but the State stepped up and completed a contract for the collection at the different collection sites. Bringing together of that waste so that's something that we don't have to pay for. Our responsibilities, particularly sited in the Legislation, were notification to the haulers and to the other stakeholders and signage to let the public know. Signs are done and the letters are out. We also have to collect these items, we have to segregate them. We believe we're going to have to palletize them and wrap them for loading. We are negotiating with that hauler that we talked about from the State contract and that may not be necessary. But we assumed from the beginning that it probably was. This will require one of the two additional employees that I mentioned earlier. The twelve cans that you already approved last night, the purchase of those, and some supplies. Part of this 120 start-up has already been spent from this year's funds. We had the funds to do that. We anticipate it will cost \$155,000 annually hereafter and I feel pretty pleased with the solid waste department and how they responded to this. How they did their tests, and how we're ready to start on one July. The personnel, I mentioned that this budget requested two additionally; one is the Escrap Convenience site operator and also one additional code enforcement officer. This is not event driven like the Escrap individual, this is over time, and we continue to be less effective. As the population grows some 35,000 we've maintained 3 code enforcement officers for anti-litter and other dangers. Show here this is 2010 activity, the illegal activity that they were engaged in during that year. But we also require them to help us in other areas, meter tampering, they're very good at inter-personal relations, and they're trained to do that. These three gentlemen happen to be particularly talented at talking to people. So we go ask them why they decided to beat up our water meter or sewer meter. And we discuss that, but that does take some investigative work. Whenever there's a sewer back up in a house where there is sewer on the floor, of course we're called immediately. That's what we want people to do. We respond with the on call people and if it's on the floor, 24/7 we get a code enforcement officer out there. Trained to coordinate with the cleanup activities, we do that right away. Then take all information necessary for the insurance forms and again they're good with the people to spell out what we're doing and what we're doing it for. Other utilities I'll tell you in Summerville for instance, they tell you if you got a problem call a plumber. Don't call us, call a plumber. So you pay \$75 for a plumber to come out and he finds the problems in the utility area, then they respond. Then they charge you, I think \$75 for a response call. So we're kind of the opposite in that I believe that we're more customer- friendly. Additionally, we assist the Sheriff on any offenses on our property and we were actively involved, in fact made the plan, that captured those that were continually stealing from our convenience sites and they did a very nice job on that. Also, we do have customers that get upset at our landfills and convenience sites and they are on call to assist that. The cost of this additional code officer, this is start up cost: salary, benefits, truck outfitted with the lights, the body armor and a weapon. But again, this is because I think we can be more effective if we had another officer. I think our effectiveness is over time becoming little by little. The first (inaudible), I mentioned this to Mr. Farley last evening, we do need one additional convenience site operator or here's an alternative; it's driven by these two things: to establish two recycling sites to support Tanner Plantation and Cane Bay. We've looked

at those sites hard, Tanner Plantation in particular, they've been very vocal in requesting us to set up a recycling site. The resources just weren't there because in part, we thought we needed a new truck. We are maxed out on our trucks that shuttle the waste and the recyclable material back and forth. We were able to come up with an entire new scheme of scheduling our people that frees up one truck. So now we're not truck limited, but we still have a resource problem. So we would not need the convenience site operator if we closed the convenience sites on Sunday. That frees up the money to help offset this. Here is the start up costs we believe. Some of it is one time, some of it is annual. So we believe \$334,000 in start up costs, \$173,000 thereafter, taking the \$130,000....I should have shown this on a spreadsheet. It has freed up by closing those four hour periods each Sunday. Together with Escrap operator, would help offset that, we believe that that's affordable. Now, why Sunday? Most people believe that it's a busy time and it's busy on Sunday. We open for only four hours. We collect material and we take it back to the landfill. The landfill is closed. We cannot legally dump those cans onto the landfill because regulations say that if you dump it, you got to spread it and you got cover it within 24 hours...well no..that day, by the end of that day. But we're closed, so those cans sit there. We have had some spontaneously combust into fires that night and there's no one around to fight the fire."

Chairman Schurlknight: "Colin?"

Mr. Colin Martin: "Yes sir?"

Chairman Schurlknight: "While we're here. What does Dorchester and Charleston County do as far as Sunday...opening Sundays with their convenience centers."

Mr. Colin Martin: "Dorchester is closed on Sunday and Wednesday and I believe Charleston is open during the hours....Mark?"

Mr. Mark Schlievert: "I don't know off the top of my head. I know they're open on Sunday for a period. I think it's similar to what we have."

Mr. Colin Martin: "I think we did poll others."

Chairman Schurlknight: "Right."

Committee Member Call: "Colin?"

Mr. Colin Martin: "Yes sir?"

Committee Member Call: "Can you open on Sunday for say, yard waste? Do you...you don't have to cover yard waste. You can take that to the compost pile I guess. But....you wouldn't have to cover on Sunday? Construction debris, C&D...?"

Mr. Mark Schlievert: "Legally you're required by DHEC if you do any work upon the landfill, you have to have a certified landfill superintendent that's gone through a certificate program through DHEC. That's to do anything on the landfill. If you look at it, we don't have

that on Sunday. We've been doing it for years and years and nobody's said anything but if you actually look at it, that's the problem. Combine that with the fire potential. We've had fires not only on the MSW, which is very dangerous, but we've had a lot of C&D and we've also had it in the compost area. You never know what the public is gonna do and when they're gonna bring in a hot load. We catch them all the time for the day if we're there. We catch them right away and handle it immediately, but nobody's there on Sundays."

Mr. Colin Martin: "Could we achieve savings if we closed another day and not Sunday? We could, it's just this opportunity seems like the appropriate one. With only a four hour window, people are used to on Sundays, we feel that there's weekend that they could conform their behavior relatively easy to bring it in when we're open. So recommendation to you, our budget currently reflects typically this, but we promised the people of Tanner Plantation and Cane Bay and Mr. Farley, that we would look for an alternative. This appears to be viable alternative the way it's presented. I'll leave it to you to propose an amendment as you would see fit Mr. Chairman, if this is a good idea. I personally would recommend this."

Committee Member Call: "If I could go back to that for just a second, that Sunday closing. The landfill hasn't always been open on Sunday."

Supervisor D. Davis: "The landfill is not open on Sunday."

Council Member Farley: "The convenience is open."

Committee Member Call: "The convenience center either."

Supervisor D. Davis: "The convenience center...oh, ok."

Committee Member Call: "Closed on Sunday..."

Mr. Mark Schlievert: "I don't know the history of when we decided to open for four hours. It's a good..."

Council Member Farley: "We don't run the trucks over to the landfill on Sundays?"

Mr. Mark Schlievert: "Yes. We do."

Council Member Farley: "We do, that's right. But we don't dump them?"

Mr. Mark Schlievert: "We dump everything except the MSW. The MSW has to sit on the line area and it again, like I said, we're bending the rules on that; even doing that because we don't have any landfill supervisor on site that day."

Council Member Farley: "I think you'd catch a lot, a lot of complaints closing on Sunday. I think what we'd have to do is advertise it for six, eight weeks, ten weeks and put a sign out there saying that August 1, the landfill will no longer be open on Sunday. Because between

now and then somebody will go to the landfill and through the newspaper also, I think that's the only way you gonna...we're going to be able to achieve that."

Mr. Colin Martin: "Yes sir."

Committee Member Call: "Could you open on Sunday like from 1-4 or could you work with that?"

Mr. Colin Martin: "We're open now from 3-7 now."

Committee Member Call: "3 till 7?"

Council Member Farley: "Yes sir, and there's a lot of people that clean their yards and everything and their waiting right there at the gate on Sunday afternoon."

Committee Member Call: "Yeah, a lot of them come up there with what they've gathered up on Saturday."

Council Member Farley: "And especially if they've got construction debris."

Mr. Colin Martin: "It's no doubt about it. It's a busy time."

Council Member Farley: "Construction debris is the biggest complaint I hear from people. Why don't y'all have a C&D dumpster here and there and I told them, I say, if we put a C&D dumpster, the first thing people are gonna do is come throw their garbage in it."

Chairman Schurlknight: "Colin, let me ask you this, if we close it on Sunday, what's that going to do to Saturday? You gonna be able to because I'm sure that's gonna really pick that up as far as usage."

Mr. Colin Martin: "It probably would, but don't forget we're open in the evenings on the weekdays as well. So I mean, we have hours after most normal...say, the average workday is that you can run out there as well."

Chairman Schurlknight: "Right."

Council Member Fish: "That surprises me on Sunday. Because last Sunday I rode my bike out on Oakley Road and stuff and I was amazed. Both directions, there must have been 15 cars lined up on the road to get in."

Mr. Colin Martin: "And this was on Sunday?"

Council Member Fish: "To me it was plenty and can be seen as heavy usage."

Council Member Farley: "That first isle on Sunday, you can ask Mark, it's booking. I'm telling you."

(Several talking at once)

Committee Member Call: "It may be more like the barbering business and be slack on Monday."

Mr. Colin Martin: "If you know...for your consideration, if we chose to go with this we would certainly do a long public education campaign. It's a matter of conforming a behavior and their actions."

Chairman Schurlknight: "Right. I think it's just comes back to people using if they notice closed on Sundays, then they'll just have use on Saturdays or in the afternoons."

Council Member Farley: "And if we do it, we're still going to get people complaining; when did y'all start this?"

Chairman Schurlknight: "Right."

Council Member Farley: "We can advertise between now and next budget time."

Mr. Colin Martin: "Right, because some people go every three months."

Council Member Farley: "That's exactly right."

Mr. Colin Martin: "This is the...we're (inaudible) with the numbers for fiscal 11-12. I did say there was a predicted flat type of budget just like last year and I'll show you in comparison (inaudible). There are increases....well we'll show those in a minute. Again, these are the expenses, just under revenue as we'd expect. Here's the comparison of this fiscal year with next fiscal year. You see personnel and benefits, up slightly; doesn't include two new employees as well. There's been some increases in insurance. Operations and maintenance is significant increase that reflects our new electrical demand based on the expansion of the lower Berkeley Waste Water Treatment Plant as well as the coming online of the New Central Berkeley Plant, December/January."

Council Member Fish: "Where's the \$300,000 that CPW is paying us for College Park and Tall Pines? Where does that show up in there?"

Mr. Colin Martin: "That's....that would be back here on the revenues under water, probably under the other revenues. I don't....I'd have to ask Johnette when she calls."

Council Member Fish: "I don't see a huge increase over here. I'm not sure how much... it is \$300,000 a year, right?"

Mr. Colin Martin: "It's a hundred and....do you remember Doug? I think it's a \$130,000 a year."

Mr. Mark Schlievert: "That sounds."

Mr. Colin Martin: "I think it was a \$130,000."

Council Member Fish: "That's all?"

Mr. Colin Martin: "Yes sir, and I'll verify that and I'll also verify where it's included and where it's included. So again by the comparison, we saw the personnel up a little, operations up a significant amount, but by comparison, up about .7% \$350,000. So very flat comparatively. This is the tire issues that I was talking about. We have a disparity with the different type of tires. Skidder tires, to dispose of them, cost us a \$160 a ton. We charge a \$190 with a \$30 overture and we think this 19% is about the right number for the overhead as well as the direct cost. We think that's a fair balance. We're out of balance with tractor tires where we only charge \$2.36 above our cost of disposal including a 3% differential. The passenger tires were upside down, you're actually paying \$39.64 to dispose of the tires because of the disparity of the disposal cost and what we charge. What we recommend and what this budget lays out is that we establish that as an appropriate fee. Change these fees to a line with a 19% increase. I'd like to remind you of something real quick by going back a couple slides. The red indicates tires and metals so when I say it's a minor adjustment it's not a large part of our waste, not affecting a lot of folks. It's a very small part of it. Those people that bring in tires wouldn't be affected. It's just not much of a part of our usage."

Council Member Farley: "The Company that's going to open on College Park Road..."

Mr. Colin Martin: "Yes sir?"

Council Member Farley: "Will they be able to take these tires?"

Mr. Colin Martin: "We hope so. We're talking with them. They're not the official owners yet. There's still some paperwork and that's their job. That's their business. We hope we can shift them as collection site. We have to designate a collection site for DOT passengers. We had it designated over there. They went out of business. You had the one customer that came to us, and presented us a problem, because he's the first person that's ever shown up since we had to take back the collection that had the proper paperwork. We did not handle that well, we should've taken his tires for nothing, we later did. I appreciate you bringing that to our attention. That's what got us and I want to point out..."

Council Member Farley: "He brought the DHEC ...and I got a copy of it. The DHEC order that states, you know that..."

Mr. Colin Martin: "Right and he is correct. We just....this right here, this raising of this fee, this is only for people outside the County and people who do not have the DOT receipt. Because they pay about \$2 extra when they buy those tires and so when they dispose of them, we're to take....in Berkeley County, resident's tires that paid the \$2 and can prove it, for nothing. So this fee right here does not... and we will do that. This does not affect Berkeley County citizens. That's outside the County."

Committee Member Call: "Colin, what is it about a skidder tire that's more expensive to dispose of?"

Mr. Mark Schlievert: "Size."

Committee Member Call: "I mean, it's per ton, a ton is a ton."

Mr. Colin Martin: "I don't know it's..."

Mr. Mark Schlievert: "Skidder tires are big, they're thick. You gotta cut them off into parts and pieces whereas most tractor tires and passenger tires can be taken and burned as it. Most of them go up to supplement giant cements process in making cement. But those tires they don't have to do anything with. They just take them and burn them whole. The skidder tires you gotta cut them up in chunks because they're just too big. You gotta...and that requires manpower."

Committee Member Call: "Yeah, that's an expensive...looks like it's expensive to do."

Mr. Colin Martin: "And again we're driven a little bit by, this is...there's not a lot of competition for this. As Mr. Farley pointed out, we hope that the new rubber recycler that makes pathways and mulch. They do make the mulch but I think they also press them into mats and heavier tiles and things like that."

Committee Member Call: "They got some there at Cypress Gardens."

(Inaudible)

Mr. Colin Martin: "I'll ask Micah to address the Capital Improvement Plan. He recently sent everyone by email, we did I think through Ms. Barbara's office, an updated copy of every project that we have in our Capital Improvement Program. I hope y'all got it. We are going to have an abbreviated review and not the usual project by project this time because we have that new reporting system. Micah?"

Mr. Micah Miley: "Forgive me for having notes. I've practiced through this about seven times and I still keep fumbling so I gotta keep notes. (Inaudible) As Colin mentioned we're gonna kind of give you an overall view and cover a few projects and stuff going down line by line. Inside of the presentation you'll see that we've got a simplified spreadsheet basically showing the current budget for each of the projects, our expenditures to date, and when we

project the project to be complete. It gives you a quick snapshot of looking where the project is and as Colin mentioned, more detail is provided on the report that was sent out last week. A couple of projects I'd like to touch on this slide. First is the 17A water main relocation. We've been progressing along with the contractor trying to get our water line out of his way. Moving forward, we're down to about less than a thousand feet of line that's in some conflicts with other utilities out there. That we're working through and services between Oakley Road back to the Berkeley Campus of Trident Tech. That would finish up the project and it's likely we would finish it up this FY, but I did show it in the budget just in case it carried over. The College Park water main relocation. Colin mentioned the kind of difficulties that we're having with this project. It's a large project, very complex, whole lot of coordination to go through and I'll say that Frank Carson and his crew here has been a God-send to us. Frank has been working on the inside with DOT. We're done with DOT from 6 months before they finish their design. They were making provisions for us and places to come in and it's been a great working example on how two departments of the County can work together on a project. With the water main project, we've learned on 17A that when we relocate a water main then DOT hires a contractor to come behind them. The DOT contractor isn't really worried about what he damages of the utilities that has been relocated. With this project we're gonna work with DOT to make our water main part of their bid package and their contractor would do the relocation of our water main. So the same person doing all the construction would be responsible for protecting the storm sewers as well as our water main. Through that we believe we're going to be able to construct a project with less conflicts, probably quicker, cleaner, and ended up with something that Doug has to operate in the future with less patches and repairs until a brand new line. (Inaudible) on this slide is the Berkeley CDBG project. You guys remember that last year about this time we had approached this. Approached Council with a Community that came forward that wanted water extended into their area. Burntwood is a CDBG grant project where we received up to ½ million dollars worth of grant for the project. It includes 43, low to moderate income, households that will be connected to our system and we're gonna do it in an actual cost to Water & Sanitation of about \$45,000. Shifting over to the sewer system, one project to touch on that's gonna kind of disrupt traffic going into the Weapons Station in the coming months is the 2010 Grant & Sewer Renovation Project. This project is going to be the internal repair of one of our largest sewer mains in the entire system. It has about 7million gallons of sewer coming through it a day. And we're going to come in and line it with an internal pipe and bring it up to standards where it's not leaking. We have lost one section of this pipeline and had to do emergency repair. It's a very needed project. It extends from Hwy 52 down to Price Street, if you're familiar with that part of Red Bank Road. It will be done at night and should include very little disruption to traffic even though it will be large equipment. Because it's all being done internal to the pipe, it should be fairly clean to move through. College Park Road, as Colin mentioned, the predicament for us to talk about and keep on the radar the coming two years. The sewer we're going to have to get off the DOT to protect their schedule; in that, we are planning on installing our new sewer main on what we call construction right. If you're traveling from I-26 towards 17A the right hand side of the road, we're planning to permit for construction prior to DOT starting and we will probably be doing the clearing of the right of way through that area; which does mean that the water and sanitation contractors will probably be demoing the houses and buildings that have to be demo along that part. In doing that, we're able to work with Frank in one cent sales tax money, minimize the amount of conflict between the two contractor's schedules. So it's gonna take us

roughly a year to a year and half to construct the sewer and keep the project moving along on a good timeline. Pump Station 60 on this slide. When we first did the bond issue in 06' we were under probably the largest growths of housing in the area that we'd seen. We were planning for the development along I-26, which is now the warehouse developed area."

Council Member Farley: "Where is 60 located?"

Mr. Micah Miley: "60 is right behind the Sangaree EMS station."

Council Member Farley: "Oh, ok."

Mr. Micah Miley: "It's right now handling all the sewer that's coming down I-26. We were originally projecting the Hillwood Development to be what we call the wet industry or the high sewer user. Now that it's going all warehouse space, their projected sewer of a million and a half gallons per day is down to about 200,000 gallons per day. With that free up, we aren't required to build the Ancrum line in order to serve parts of Berkeley and Carnes Crossing. We can push parts of Berkeley and Carnes Crossing through Pump Station 60 at a cost of about 1.5 million instead of the Ancrum Sewer System which was going to be right at 6 million. So that's one of the cost savings shifts we have done and we plan to give to Pump Station 60 within the next four months. On the last slide the project I do need to talk to you about is Pump Station 1. Pump Station 1 is our biggest pump station, it's handling somewhere around, on a peak day, 35 to 40 million gallons of sewer a day. It's located right behind Red Bank Road on N. Rhett and Red Bank, right behind the Burger King there."

Supervisor D. Davis: "You'll know it when you get there."

Mr. Micah Miley: "Yes, and what I need to do to explain this project is kind of talk about the open end when Jimmy's crews go through, when we have a pump to fail. Anytime we have a pump to fail our crews immediately look and see what the cost to repair the pump would be, what the cost to buy a new pump would be and look at the history on the number of failures we've had with that pump and the number of repairs we've done. We had found that Pump Station 1, once again our largest station, the pumps that are in the hole are no longer made. So we no longer have the option of buying a new pump (Inaudible). We have found that there are no pumps on the market that can mount up to the piping that is in that station. This project is being done in case we have a catastrophic failure, we're in a position where we can buy a pump to go back in and not be trapped when we have to replace the piping before we can get a new pump. Same thing goes for the power service that's going into the station. I'm going to talk a little bit about power. I need to give you some details that I don't completely understand but we'll kind of go through."

Council Member Farley: "How many gallons on the pump station a day?"

Mr. Doug Tompkins: "About 5 million."

Mr. Micah Miley: "5 million on an average day but rated to 42 million a day or something like that. The starters that start the electric motors that are in Pump Station 1 now are called reduced voltage auto trans voltage. They're not made anymore. Everybody uses what's called a solid state soft starter. A solid state soft starter is essentially a VFD, so when we have to replace another starter, which is not uncommon when you have 20 year old station. You're right at the point of being able to spend the same money to shift the station over to what called VFD or variable frequency drive. With it, you don't start and stop the pumps. You let the pumps continuously run. The problem is it has a higher amp drive. So we're looking at doing replacements and upgrades to the power entrance coming into the station so that if we have that problem in the future, we're in the position we can put VFDs in for very little money; being able to think through how to solve the problem instead of having to immediately act to the problem."

Council Member Farley: "Might want to state Micah that when you cut the pumps off that's when you cause them to get, when they cool down..."

Mr. Micah Miley: "The true problem is that end rush of power. It takes 40% more power to get a pump started than it does to keep it started and that's when the meters go crazy and that's when Berkeley Co-op calls us and says what are you doing? Going to VFDs you just keep them running all the time and you don't have that problem."

Chairman Schurlknight: "How efficient are these new motors as far as on an electrical side?"

Mr. Micah Miley: "On an electrical side between the pumps that were installed on this station in '92 which were not VFD rated motors. They were not, and I forgot the class winding that all the new motors have gone to. And there has been an EPA law passed in '09 to push all horsepower over 110 to another efficiency. Just the efficiency of the new pump are proving like 25%."

Chairman Schurlknight: "I would think the cost savings on electrical power bills would be substantial."

Mr. Micah Miley: "Co-op would probably dislike us changing that station to get some better (Inaudible)."

Chairman Schurlknight: "(Inaudible)...startup, yeah your right."

Committee Member Call: "Do these motors, these pumps...do they have the same capacity of the pump you have now? Are they lower capacity and just run all the time?"

Mr. Micah Miley: "What you would actually..."

Committee Member Call: "(Inaudible)...system like for some storage?"

Mr. Micah Miley: "We'd kind of have to back into the design the pump station that DHEC requires you to do. This is what's called a Quadruplex Station, which means this designed flow capacity is with 3 pumps running all they can do and that's what you have to maintain; is 3 pumps running all the time. But that is the God-awfullest, worse day that you can think about designing for. Your average day, we're actually cycling one pump and that's cycling every time you turn on, turn it off is what's causing the high power consumption at the station. By using the same pump but slowing down the speed in which it turns. You could try to pace your output (Inaudible) to your input coming in and you just let your pump turn all the time and just stay with constant inflow of your water; which saves you power because you're not..."

Committee Member Call: "That's interesting because I think some air conditioning systems operate that way, yeah."

Mr. Micah Miley: "They do. There are new AC(s) on the market that are what they're called Scrolled Compressors that are speeding up and slowing down (Inaudible) and with that I'll turn it back over to Colin for Solid Waste."

Mr. Colin Martin: "Thank you, Micah. The Solid Waste CIP developed after we were able to transfer that money from the Water and Sewer fund. You've seen these before. We've explained them before, but this is the CIP for Solid Waste now. There's actually some double counting in here but Micah took the water for the...the money for College Park Road. I actually (Inaudible) But we put 4 million of this projected 4.9 million. This listed in FY16 and 17. So that's where we sourced the more urgent of moving those quotes. I want to now talk about how the continuous improvement towards sustainable use. That's the long title we give it. Again, it's a philosophical difference of how we operate and so I want to show that to you. Continuous improvement organization is what we have tried to be. It takes a certain cultural changes to be a continuous improvement organization. This is some of the sound bites I guess and they're a little tike that we use but continuous improvement really is an attitude. So we need to change people's attitudes to talk about in everything there is opportunity and only seek opportunity. Nothing is perfect in our business. All things require scrutiny on a day to day basis. But we're not looking for perfect. If you're looking for perfect you'll waste a lot of resources, time, people and money. So don't let the best be the enemy of the good. It takes a lot and the need of the curve to get to the best. The good allows you to move on. There will always be change, embrace it and need it. A lot of the change we don't control. The more you take charge of it the more you will be prepared to take it. This is hard for a lot of people. When you're a continuous improvement organization there's always changes and people feel a little off balance until they come to the conclusion that change can be good. We have over the last four and a half years, I think, changed a lot in these things; these different areas. We have spent a lot of time on leadership and management but when you think about it, leadership and management can make a quantum change in an organization in how it runs. How much does it cost you to start producing leaders in management as compared to factual cost in other things? So I think the best thing for the buck is continue solid leadership and management training programs. Just want to share with you in FY08 the sum of the things that we did again, the stakeholders, with people, with physical assets. Some of this is activity level; some of this is improvement, adding the key card program. We conducted a base line employee opinion survey to gauge others. FY09 we implemented some of

these things certainly for our stakeholders, our people. We've had real success with the wellness program. An official suggestion, organization, has really grown and been better because of people's ideas. Some of these other things, I don't want to go into all of them, but this pay by phone option that we gave our customers, that round out all of the conventional methods of customers can pay. We have them all now so we try to make it as easy as we can for those customers. FY10 we moved on with some other programs. This vehicle replacement program that you all allowed us to adopt has really been very successful. The numbers that we, mostly Steve Hively predicted, appear to be coming right in line so that we will save hundreds of thousands of dollars that we promised that we would try to save. Then we implemented an apprenticeship program as you were a part of that. We showed that to you. I got a lot more in FY11 just because every year I try to show you what we did last year. Certainly won't go through these. But I'll let you read those later. Again across the board, customers, employees, facilities, stakeholders and (Inaudible). We did do after three years, a follow-up opinion, employee opinion survey, compared it to the last. I think the numbers are very solid towards attitude improvement and I think people are...the moral is higher there. If anyone would like a copy of that survey or look at those numbers, I'd be happy to provide them. We did and I said we implemented the apprenticeship program. We now have five operators that have passed the State exam through that program and gotten their certification."

Chairman Schurlknight: "Colin, how is the AMR program going with the meters?"

Mr. Colin Martin: "The flex net?"

Chairman Schurlknight: "Yes."

Mr. Colin Martin: "This is the flex net program. You can't keep up with them. I made this slide three weeks ago, it's about 80 over 8,000 now. This is of course, a 17,000 changing all the meters to this regional read. We have the ten that's mounted on the water towers that read a regional area, report it back to headquarters, a lot of advantage and it's going very well. We were talking with Ms. Davis earlier about some of the problems we've had. We've had a lot of damage to those meters and it raises it up slightly. We've had.."

Chairman Schurlknight: "Yeah, they came by and painted mine for me."

Mr. Colin Martin: "What so you could see it with your lawnmower?"

Chairman Schurlknight: "Yeah, yeah, so they could see it."

Mr. Colin Martin: "It does create a problem. Ms. Davis brought up that several of her constituents... because of the damage done, they cost a \$150 apiece. We're putting a lock on the meter and that prevents them ripping it off cause we found them in the trees and other places. But what it does, it prevents the homeowner from turning the water on if they have no other boundaries and so we're going to look into that and see how we can do our work around that."

Chairman Schurlknight: "Maybe the inline valve or something falls off if they need to turn it off or something."

Mr. Colin Martin: "Sure."

Council Member Farley: "What do we charge for the back flow test?"

Mr. Doug Tompkins: "We need some help on that."

Mr. Ed Rogers: "What was that question?"

Council Member Farley: "The back flow, the back flow test?"

Mr. Doug Tompkins: "We don't do the test."

Council Member Farley: "We don't do it, but do we charge an administration fee to handle the paperwork?"

Mr. Ed Rogers: "Not that I know of I don't, we...."

(Several talking at once)

Council Member Farley: "CPW charges \$25 year just to handle the paperwork."

Mr. Doug Tompkins: "Yes, and what we do, we require them to have a listed by quote person give us a report saying it's tested. We take no money."

Council Member Farley: "CPW sends...every year I have to have my backflow preventative testing. It's \$50, \$35 but they charge me when I send it in. They add \$25 on my bill for administration fee to handle that paperwork. I called and I talked to them about it and they got a three quarter of a million dollar in fall."

Committee Member Call: "They don't charge me for either one."

Council Member Farley: "You serviced by CPW?"

Committee Member Call: (Inaudible)

Council Member Farley: "You don't have a back flow?"

Supervisor D. Davis: "Uses is under business isn't it?"

(Several talking at once)

Supervisor D. Davis: "Yeah he didn't..."

Committee Member Call: "Oh you're talking about business."

Supervisor D. Davis: "Yeah you wouldn't have one unless you got ..."

Mr. Micah Miley: "Yeah, it's for reduced principal backflow preventers and not just a normal residential. You have an above ground reduced principal."

Council Member Farley: "It's in ground, they had to ... I paid the plumber \$450 to do it. Go figure?"

Mr. Doug Tompkins: "CPW still charges your business?"

Council Member Farley: "They charge me every year the \$25 administration fee to log in and I told the guy...he said well, we had to establish a data base. I said how stupid do you think I am? You don't even have a database. He said (Inaudible)."

Mr. Ed Rogers: "Well, we don't do that."

Mr. Doug Tompkins: "We pay it. We have several of our waste water pumping stations that are on the water system and we pay them."

Council Member Farley: "While we're right here, why do we charge \$3.50 a month to pay by credit card?"

Ms. Kace Smith: "Because credit card companies charge..."

(Several talking at once)

Council Member Farley: "SCANA and all of them, they did that debit card and then..."

Ms. Kace Smith: "They may be absorbing it."

Mr. Ed Rogers: "We were absorbing it for a while and it was costing us between \$75 and \$80,000 out of pocket in credit card dues."

Council Member Farley: "Well, I opted out of the program. I opted in and I opted out. Because for \$.47 I can send a ...or for \$.43, I can send a stamp."

Mr. Ed Rogers: "We'll take it anyway you send it to us."

Mr. Colin Martin: "Again in FY11 just a few more things here. We do have our landfill gas program up and operating and we're already looking at improvements that we could make there. We gave you the urgent requirement contingency of the new scales. That went very well and we have the two new scales as well."

Council Member Farley: "What's the life expectancy on those scales?"

Mr. Colin Martin: "We look at 10-12 years. The landfill I'm pleased to say, it's continuing into it's, past its 6th year now with no written discrepancies on their surprise monthly inspections. Ok, let's talk about continuous improvement and a few examples of how we try to do that. Now I want to shift to, and try to answer the question, what now in its realm of continuous improvement. I believe two key elements. First is performance measurement and transparency. What is it? Before going further, if you're going to deal with continuous improvement, you're gonna make mistakes. You're gonna get ahead of yourself and this is probably a good example. I was eating people up for about a year saying why aren't we analyzing all of our processes in a methodical way? We did some in engineering and a little bit in operations. I was looking for that model that we could find, cross communications and smooth things out. I got the cart before the horse. What we should have been looking at is measuring our performance. The supervisor has viewed and Kace a demonstration of a software program. It's pretty simple, that will take the data and display the data and trap the data that we put into it. I'll show you an example of that in just a minute. But it really has two pieces. The financial measurements which is data. How are you spending, how are you collecting, and then operational performance. Operational performance with these is where we set goals and we together with County Council will set goals in each of our business lines. You'll agree to those and then we will track them and will have a very transparent display to show you as how we're achieving those. This new system will depict the data activity and progress towards those goals. We have three ways to get to this operational performance thing. We are measuring some things now or we wouldn't have the data for you. So, that's easy. You upload it into this system. Then there's things that we have the data but we're not really using it to measure things except on a very spot basis. So we can take that, put it in transform and load it up and then there's things that we should be measuring but we are not measuring. So that's the hardest of the three. But this is kind of where we are. I'm going to show you an example in just a minute but we hope to show Council at a briefing later. Or a brief when we're up and running. This is an example of the display called a dashboard. We have up here the numbers and this is simply, I'm giving you an example, we are doing bond interest expenses....let's not do that. Let's do arbitrary service charge...(Inaudible)."

Mr. Micah Miley: "It's not on..."

Mr. Colin Martin: "It's not working, but you should be able to click on anyone of these and it was working back in the office, but this shows you for instance, revenues budgeted and planned versus how you're doing. In this case we're ahead of the revenues. Expenditures, we're showing that we're pretty even because we're making our bond payments on time with what we've budgeted. This is water, other revenues is shown here. Should be able to click any one of those; click time frame and slide it over....let's see if that works. No. At any rate, this is just the first thing we got about three days ago. I guess they had it working fine, probably part of the computer issue. But we will have many of these just to have data to show you how we're doing on things like budget versus actual on revenues. You will be able to examine a small area and

these numbers will all change. It's difficult to describe but, I think you'll like it because once you adopt it, we can put it on the website and our public can see everything."

Chairman Schurlknight: "Colin, can you also show trends with the graphs and based on history or you can project out into the future, if we keep going, where are we going and where are we going to wind up?"

Mr. Colin Martin: "Right, the only pertinent areas you got to load the information as far back as you want to see that track."

Chairman Schurlknight: "Right exactly."

Mr. Colin Martin: "But that's the helpful tool."

Chairman Schurlknight: "But there's a lot of loading on the front end, but you can be able to go back and get it to come across."

Mr. Colin Martin: "Yes sir. That's a tremendous amount of spreadsheet data behind these things. But once that's uploaded and you believe it then you can maneuver this display around."

Chairman Schurlknight: "It just gives you a real good snapshot, a quick overview. You pop on and pop it around a little bit."

Mr. Colin Martin: "It would make my explanations of these things easy for y'all to understand but also again, if you so choose, the public can access it through our website. And they can see how we're doing and that's I believe, transparency. That's what we (Inaudible). I want to shift now from performance measurements to sustainable asset management program. Here's some...these first two are key elements and I want to show these to you because they are posing a problem for the future, both of these things and we are able to address them I believe. Borrow and spend philosophy. This is the bond expenditures that we've made. 2003 bond in the blue and 2006 bond. What we've done for asset management is improvement expansion. But to keep our system going we go to the bank. We borrow money. We spend it. It takes awhile to spend it and then the blue diminishes; 2003 bond. We go to the bank. We borrow money. We spend it. We held off here because of the recession and we didn't know where that was going. But look at what we planned to spend in sewer and water in the next year of that bond money. What happens then when that bond money runs out? This is where it's planned to run out. What do we do then? Go to the bank? We already got a 43%, 44% backload. How do I go back to the bank again? I don't want to manage our assets by the borrow and spend philosophy. The next thing is, we're stuck on the maintenance ladder. Let me explain the maintenance ladder. Bottom of the ladder or the stairway as it is, is called philosophy of run to failure. You just let your equipment run and it fails. You go replace it. It's risky and it's expensive. Next is corrective maintenance. You look for problems and you correct them so if something breaks you go fix it and you don't for it to fail again. Next is preventative maintenance where we know that if we...our car runs better if we change the oil. So we change the oil, rotate the tires and they last longer. Same here, instead of a preventative maintenance programs to turn valve, exercise valve,

exercise pumps and so on. Then predictive maintenance is where you're using the tools of the trade, oil analysis, vibration analysis, and trying to predict problems and failures and take early action and we do some of that. But the top is the place I want to get to and that's reliability centered maintenance. That's understanding the equipment, understanding the needs of the equipment through design, and also tries to be able to predict by its condition, and also how critical it is; when to do what with that asset. That's where I think we are. We're doing some of this; we're doing this in a loosely organized way. I think we're as good as any utility if the County maintains those things with that philosophy. I think we can get here and we can get here because of Cityworks that you all allowed us to buy. It allows us to inventory our assets. It also will allow us to put codes on those assets that better predict when it is we need to maintain them. Whether it's more often or even replaces them ahead of failure. So what I call the programmatic approach to asset management. We take all of our assets to each asset and we assign a condition code. How old is it? How good of shape it is? A lot of that is arbitrary but you put a numerical code on that. How good of shape is it in? Has it been in the ground for forty years? Well that's going to get a little bit lesser of a condition code. Then as importantly, or perhaps more, is how critical is asset to our entire system? We've had small failures that led into big results and other failures. So as we know systems have intersections and if the intersections fail you're gonna have a cascading failure. So you assign this code, combine it with this code and now you've got a list of urgency items, a list of when to increase your maintenance for instance and when to replace ahead of failure."

Committee Member Call: "The more experience you have, the more objective you're rating code will become. Is that?"

Mr. Colin Martin: "Exactly, and that's why that computer tool is so important because with these codes and with time, we'll just keep getting better and better and more objective to be able to home this project. This project will be better in its 12th year than it was in its 11th year. That's the..."

Committee Member Call: "Exponentially, probably every year."

Mr. Colin Martin: "Yes sir. That's the important part that we couldn't do before because we didn't have the computer tools. Now we do, so we can start putting this together. But we also need to go with that a planned renewal and replacement fund. This is called R&R. This is kind of an industry label and it would help move us up the ladder. This is the systematic, setting aside, of monies; an annual contribution to the fund that's going to fund this plan. Now, the time to begin setting aside the money is two thousand...fiscal year 2012. And the reason is again, what happens in 2015? We got to start now setting aside monies so that we can sustain our programmatic approach, our Asset Management Plan. I have a proposal on how to do that this year without raising the rates."

Council Member Farley: "How much money do we have left in the bonds, '06 bonds?"

Mr. Colin Martin: "About \$49 million dollars to spend as I recall. It's either \$47m or \$49m and I'm not sure that figure takes out..."

Council Member Farley: "So, you're wanting to take that '06 bond money, quite a bit, and start this program?"

Mr. Colin Martin: "No sir, it's already programmed. It's already assigned projects that money could describe."

Council Member Farley: "A lot of these projects come in under."

Mr. Colin Martin: "Right, if there's any overage."

Council Member Farley: "Ok."

Mr. Colin Martin: "So, what we'd like to do is, we're asking permission through this budget to do some things that's internal. It's simply moving some money around to create that fund but we really want to say is that would give us the year. We'll have the funds going, and set aside, but we will come back next year and come up with how much contribution per year that we need to make and look at the new model with the use of Cityworks and do some planning. Again, this is an instant success because over the years it keeps getting better. But now, we have the computer tools to evaluate. A lot of times, before we were using good engineering practice, we were looking at funds. We looked at the track record, their efficiency, etc... We would make a judgment that it needs work and so we scheduled it at an appropriate time. We'd be much better at that and it's much less expensive than if we do it that way. So what we would like you to grant us permission is to contribute 75% of the collected impact fees this year. That is part of the budget, the balanced budget and we can afford it. Also, I said positive variance, I'd like to contribute that on the Water & Sewer side as well as the Solid Waste side. Also, take funds received from the methane gas project and make that a regular source towards this Asset Management Plan. If we proceed along this way, we will simply set up our accounts differently. We don't plan to spend any of this money, but we plan to have it ready to pick up later. In return, we will figure out and bring you the model on how we got there on the amount that's gonna be required each year. We will have a plan and some decision points on that plan. Why do we do it? Because the borrow and spend philosophy is expensive and I don't want to go back to the bank. We've got too much debt load already and I want to move up the maintenance ladder."

Council Member Farley: "What did you say it was, 43%?"

Mr. Colin Martin: "It's actually between 43 and 44%, I don't remember the decimal."

Chairman Schurlknight: "Colin, do we have any rough projections on the annual income from the methane gas?"

Mr. Colin Martin: "We don't have a complete year."

Chairman Schurlknight: "Right."

Mr. Colin Martin: “But looking at the indicators, Mark, help me...\$350-\$400,000. We hope to get that up with better gas production. Mark held a meeting up at a conference recently with our engineers and Santee Cooper batted around some good ideas that we are going to work through, the latest about gas production. Mark, do you want to comment at all?”

Mr. Mark Schlievert: “That’s a pretty good number right now. It’s in the \$300-\$400,000 dollar range. We’ve got some plans to close a section of the landfill and along with that we’ve got this thing called fugitive gas that just permeates through the soil. But putting that on, that’ll capture that portion of the gas that we can add to our current system and collect that. There’s some management practices that we need to look at. In other words, filling sequences we need to be here in one spot. Fill that area, move over, close, put wells in that area and continue on rather than just kind of run by the seat of your pants; whatever looks good. So there’s a filling sequence that we can do and given the moisture content and the weather we have here. I don’t know if you’ve ever heard of a thing called a bio-reactor? But we almost got a natural bio-reactor going on here. So, rather than wait three years to start gas production, you’re almost starting it within six months. So you need to capture that right away rather than wait three years. That’s what this plan....I held a meeting for and got everybody on board and on one sheet of music will do. We’ll have a better plan on that in capturing gas.”

Chairman Schurlknight: “Yeah, we’re still looking seriously in the other recyclable programs as far as pelletizing and those types of programs?”

Mr. Mark Schlievert: “Well, there’s all kinds of those things that are thrown out that Santee Cooper blows hot and cold on pelletizing. One minute they’re for it, the next minute they’re not sure about it.”

Mr. Colin Martin: “Let me address that a little bit, not just because it’s”

Chairman Schurlknight: “Right, recyclables in general.”

Mr. Colin Martin: “We were meeting individually with different groups that have different ideas, technology and they want to do something with one or four more of three (Inaudible)...wood waste and bio-solid or (Inaudible) at our treatment plant. We’ve got so many I knew that we would have to compete whatever we did so we put out an RFI, request for information, slant RFQ, request for qualifications. Give us your ideas. We’ll take your ideas on one stream, two way stream, and three way streams. We just don’t want to deal with them anymore. We’ll evaluate them on the best advantage to Berkeley County and then go before County Council. We had a mandatory RF, pre-bid meeting, and got some good questions. I tried to transmit the fact that we need to partner with someone with a plan to help those waste streams. To help Berkeley and to grow our green energy type portfolio. There are some interesting ideas after fuel additive, bio-diesel itself, and methane gas again, the generation of it, composting. So we’ve got some pretty good ideas and they want to move pretty fast and they all appear to be reasonably moneyed and so that cuts down on the risk.”

Chairman Schurlknight: "I been getting a lot of positive feedback from this methane gas and a lot of people think we're headed in the right direction by doing that so it changes the perception of the landfill. They don't complain much about the smell when they go by it now."

Mr. Colin Martin: "Yes sir. I want to get to where you all can gather around and help me lift the sign that says Berkeley County Bio-Energy Park not Berkeley County Landfill."

Chairman Schurlknight: "I think that's a good goal to work towards and I think that's very doable."

Mr. Colin Martin: "We just met last night and this morning. Dan joined us for lunch with a representative of Covanta Corporation came down from New York to talk to us about waste energy plants that burn municipal waste."

Chairman Schurlknight: "Right."

Mr. Colin Martin: "We're still interested. The economics don't work. South Carolina has got some real hurdles by law to jump over that are arbitrary. So there's some challenges. But I still think that's the right answer from this region. Austin is having problems figuring their way through the forest of solid waste management. If we continue with them we'll have about a 1600 mega ton, or 1600 ton per day process that we can create about 40 mega watts of electricity; 40-45. We're putting very little in the landfill and not burying it anymore. We're in a clean way with clean emissions creating electricity...alternative electricity and it's the ultimate recycling. We're pulling it out of the homes and residences, they're producing the waste. We're converting it to electricity to...."

Chairman Schurlknight: "Put it right back in."

Mr. Colin Martin: "Put back in those homes."

Supervisor D. Davis: "You know some things are starting to play our way too because we are kind of in the business already. There recently was a directive from DOD...tell them about the DOD thing and I'll explain what that may mean because there's, may even think there's a little bit of a conspiracy theory going on here but it all benefits us."

Mr. Colin Martin: "Under the Bush Administration there was a Presidential directive to all military facilities and bases to move towards alternative energy. It was sort of a general thing. The Obama Administration tightened it up a little bit and enhanced it a little bit so really all the bases are supposed to be looking for methods and researching alternative energy to drive their requirements (Inaudible) whether it be steam or whether it be electricity. DOD kind of set back and now they're pushing it a little bit. It's very difficult for a base commander to pick up the innovative on things. It probably takes at least five years to enact because they are only there two and it's just not what we're expecting on. We're requiring commanders when they come back home and work on base facilities. So there's several different organizations that are interested in helping that process. I sat with the previous Chief of Staff with the Air Force, under the

Secretary of the Air Force, under the Bush Administration. They're now working together and very well funded. They're looking at the Charleston area, the Metro Chamber brought us together. We had great discussion. But that's what they want to do. They want to put a waste energy plant here to put out alternative energy on military bases. And what does that do? Well, it follows the directive. It also helps the community. Also, it sort of BRAC-proofs the base."

Supervisor D. Davis: "Right, that's the important thing."

Mr. Colin Martin: "(Inaudible)...are interested. If they can avoid...if that's a feather in their cap and say well you can't dismantle this community military relationship there and close that base because they're kind of a show piece. They're doing alternative energy. There's only two bases now that have converted. The Aberdeen Proving Ground in Maryland and there's a base in Utah. Both of those are facilities that make steam; in our case, with the Weapons Station and Air Force Base. If you didn't know the Air Force is taking over the procurement and care of the facilities at the Weapons Station. Now it's called Joint Base of Charleston."

Supervisor D. Davis: "And then coincidentally, just after the meeting with DOD and what Colin's saying is that just really BRAC-proof the Air Force base. Then we were approached about the possibility of another branch of military that would be interested in Charleston. This is something quite honestly, and it's just sort of the initial part of this, this is quite honestly on the level of SPAWAR; another unit of the military with a facility that size. We got some figures the other day. It's a 300,000 square foot building. They have even made, they are considering two sites in the United States and one of those is Charleston. They've gone so far as to ask us if we would be willing to bond that facility and build it on a military, probably on the Naval Weapons Station. Bonded as a special source revenue project and of course, we'd have the federal contract that would pay for that. You know, I think SPAWAR has about 1,300 employees in this...so, you know, at least I think that these two things may be related. But it will guarantee in the future if we're correct, if we get the waste energy plant built. We meet the DOD standards for renewable energy and a redundant source of electricity for the military installation. It may get us not only this, it may get us other things. Because not everybody is going to be able to do it and that's why I say it's kind of coming to us. We got the land. We got the situation and kind of a...it's looking a little bit like a perfect storm in Charleston County being, we just know that they have a need to just do something with their garbage in the future and that could figure in a big way."

Mr. Colin Martin: "It's not coincidental that the Covanta Rep that was here, who we've worked with before, he said: Now how do I get to the Airport and drive by the Lower Berkeley Waste Water Treatment Plant? We suggested that would be the perfect place for a waste energy plant. To better locate the different sources of waste for (Inaudible) in Berkeley County."

Committee Member Call: "Colin, how about the carbon credit, are we selling those?"

Mr. Colin Martin: "Yes sir, and I'll tell you the story on that. I've been slighted somewhat but I rigged the deal, didn't rig the deal."

Committee Member Call: "Sure you did."

Mr. Colin Martin: "After, we were negotiating with Blue Source to be the marketer and coordinate the sale of all of this and yeah, there's a certain commission to that. While we were dealing with them and we were down the road and ready to sign an agreement. I believe y'all had approved, or maybe it was just before your approval, I got a call from Google and Google said we want to be carbon neutral on the globe; we Google. It takes a lot of energy, it takes a lot of electricity. We've looked at carbon, profile of all this electricity we're using, and water. They had it all figured out so they wanted to get carbon credit. So they said they want to deal with carbon credits. I commented to Blue Source, yes, please wait. So we negotiated a premium rate then on carbon credits. It started \$7 a ton the first year, \$7.50 the second year, \$8 to \$8.50 I think they ended on. It was a four year agreement or something I may have that off. Carbon credits on the open market now are ranged between .10 and .25 cents."

Committee Member Call: "And you're getting \$7?"

Mr. Colin Martin: "Getting \$8 now."

Committee Member Call: "How do you do that?"

Mr. Colin Martin: "I rigged the....no."

Committee Member Call: "You rigged the contract."

Mr. Colin Martin: "No, that's..."

Supervisor D. Davis: "But they were willing to pay at that time."

Mr. Colin Martin: "That market it was about \$5 or \$6, the market at that point. They said they'd start at \$7. That was their premium price. It's falling because there's no effort now for cap and trade. It's pretty loose. There's no national standard. I believe there needs to be. That makes the stock market look really flat because it was up to \$13 at one time, down .25 cents, you know?"

Committee Member Call: "It follows like a commodity. It..."

Supervisor D. Davis: "Yeah."

Mr. Colin Martin: "But Google didn't look at..."

Committee Member Call: "Futures."

Mr. Colin Martin: "Look at my carbon (Inaudible). They're not going to go broke giving me \$100,000 a year in carbon credits. The...So, \$100,000 they could say we're becoming carbon neutral at the local level and we're dealing local people. You know, it's all, about public image."

Committee Member Call: "PR."

Mr. Colin Martin: "Right, worked for me. Any other question I'd be happy to...I know it's a lot of information. I tried to tell a story. I went from the present, to the past, to the future the FY12 and we talked about those items."

Committee Member Call: "Colin, I can tell you that's a magnificent presentation. Of course, when I became Chairman of the Committee, I was scared to death. I wouldn't talk to you about it as if it maybe beyond my capability. I was so scared of it, but I got to hand it to you and your staff on this presentation. It's awesome, really awesome. It looks at everything at almost a 360 degree angle. Thank you."

Mr. Colin Martin: "You're welcome."

Chairman Schurlknight: "Do we have any other more comments for Colin or the staff?"

Mr. Colin Martin: "If there are any, just shoot me an email. I'd be happy to research your question and then respond to all of Council with your question and my response, be happy to do that. Thank you very much."

Chairman Schurlknight: "Thank you, Colin. Just a quick follow-up before we adjourn. Again I want to say Thank you to Colin and his staff and this presentation speaks for itself. You did a good job with it and you know I appreciate it and everybody here does. I will entertain a motion to adjourn."

Council Member Phillip Farley: "So move."

Council Member Fish: "Second."

Chairman Schurlknight: "I have a motion and a second. All in favor? (Ayes). Opposed? (No Answer). We're adjourned. Thank you."

It was moved by Committee Member Farley and seconded by Committee Member Schurlknight to **adjourn** the Budget Workshop meeting of the Committee on Finance. The motion passed by unanimous voice vote of the Committee.

Meeting adjourned at 7:34 p.m.

June 27, 2011

Date Approved

FINANCE

(Standing Committee of Berkeley County Council)

Chairman: Mr. Jack H. Schuriknight, District No. 6

Members: Mr. Robert O. Call, Jr., District No. 3
Mrs. Cathy S. Davis, District No. 4
Mr. Caldwell Pinckney, Jr., District No. 7
Mr. Steve C. Davis, District No. 8

Mr. Phillip Farley, District No. 1, ex officio
Mr. Timothy Callanan, District No. 2, ex officio
Mr. Dennis Fish, District No. 5, ex officio
Mr. Daniel W. Davis, Supervisor, ex officio

A **BUDGET WORKSHOP meeting** of the **COMMITTEE ON FINANCE**, Standing Committee of Berkeley County Council will be held on **Tuesday, May 24, 2011**, at **6:00 p.m.**, in the Supervisor's Conference Room, Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina.

**WORKSHOP
AGENDA**

- A. **Bill No. 11-16**, an **ordinance** providing appropriations for the fiscal year beginning **July 1, 2011, and ending June 30, 2012**, for **Berkeley County**; to provide for levy of taxes on all taxable property in Berkeley County for all county purposes; to provide for the expenditures of said taxes and other revenues coming into the county for the fiscal year; and to amend the Code of Ordinances, Berkeley County, South Carolina, setting rates, charges and penalties for Water and Sewer and Solid Waste Service by **Berkeley County Water and Sanitation**.

May 18, 2011
S/Catherine R. Windham
Acting Clerk of County Council